

# The American Observer

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*

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IN TWO SECTIONS

WASHINGTON, D. C.

SECTION I

JANUARY 10, 1938

## Business Recession Becomes Major Issue

**Charges, Countercharges Made by Leaders of Both Government and Industry**

### IS IT A MAJOR DEPRESSION?

**Most Economists and Businessmen Expect Reversal of Down Trend by Middle of This Year**

Seldom has a Congress come together in the midst of such a whirlwind of political controversy as did the one which assembled in Washington last Monday. The very atmosphere was thick with charges and countercharges as the legislators began the work of the new session. Everyone was worried about the serious business recession into which the country was slipping, and leaders of business and the government were accusing one another of responsibility for the industrial decline. Spokesmen for the Roosevelt administration were declaring that great corporations in a number of industries had stifled competition, had come to the place where they could charge what they pleased for their products, and had kept their prices so high that the public could no longer buy the goods in large quantities. This, it was said, necessitated a cutting down of production. The greed of the big corporations and their lack of foresight was a principal cause of the recession. As a remedy for this situation, it was proposed that laws be passed to prevent the corporations from forming agreements among themselves to hold prices up. New antitrust legislation was promised. It is certain, therefore, that the trust or monopoly question will be a big one during the present session of Congress.

#### Business Strikes Back

Officials of the National Association of Manufacturers and of the big steel companies, together with a number of the congressional leaders of both political parties, hit back at the Roosevelt administration. They said that the government's tax policies, its competition with private business, its spending program which carried it increasingly into debt, its threats of further business regulation, had hurt confidence until people with money were afraid to invest it, and that hence the government was chiefly responsible for the economic ills.

As a matter of cold fact, much of the name calling on both sides is utterly childish. Many of the charges are exaggerated. The anger, the sarcasm, the abuses, the personal attacks, the fighting spirit, which characterize so many of the addresses and editorials of the day, tend to create an atmosphere in which clear, honest, sober thinking about the difficulties before the country becomes almost impossible. But such are the methods of politics.

From week to week we shall have occasion to analyze the proposals which are made by President Roosevelt and his followers, by senators and representatives, and by representatives of the business world. As a background for the discussion of these concrete problems, however, it is desirable that we put aside for the moment the battle cries of the opposing factions and the issues with which Congress must wrestle, while we examine the economic situation of the country and try to see how things are going. We shall give consideration in particular to the question uppermost in all thoughtful minds; that is, are we sinking into a major

(Concluded on page 8, column 1)



WINTER DRESS

U. S. FOREST SERVICE

## The Soft-Minded Reader

Suppose you step over to the nearest newsstand someday and take a glance at the papers and periodicals spread out before you. Then try to imagine what the publishers of all these offerings must think of you and the other readers of the nation. They must think that all of us are "softies"—else why do they set before us so little that calls for thought, and so much that is designed to catch the wandering eye and to hold the fleeting attention of him who does his reading on the run? Perhaps these publishers are right. They surely know their public. There is no question but that many people are mentally flabby. They may have strong and athletic physiques, but their minds are extremely delicate. Hence they recoil from anything which would put their minds to a test. They read only that which catches their fancy, which is sugar-coated, which appeals to their immediate interests. They look for books and magazines which are "clever" or "snappy" or entertaining. They balk at reading which calls for mental effort. They seldom read for information or for power or even for lasting pleasure. They do not approach a book or a magazine with a purpose. They sit back passively and wait for some published matter to tease them into reading. They are not tough-minded enough to tackle anything of substance.

Now one has a right to ask of a book that it be well written. It should be attractive in style. There is no merit in dullness in a book or paper any more than in an individual. But one should understand that all reading cannot be of the hammock variety. There are subjects which can be understood only if they are approached thoughtfully. They must be wrestled with, thought through, if they are to be understood. Most facts and ideas which really count are that kind. The individual, therefore, who has confidence in his intellectual capacity and who is ambitious and forward looking, must toughen his mind by exercise. He must see to it that he does not become mentally flabby and soft. He may reasonably be expected to read part of the time for passing amusement. But not all the time. When he strikes something which calls for mental exertion, he must go through with it. One who believes in his intellectual powers should be ashamed to spend all his time on easy reading.

When you have learned to read, you have acquired a tool by the use of which you may unlock the wisdom of the ages. But you may also uncover trivialities through the use of this tool. It all depends upon the purpose to which you put it. It depends upon what you are looking for. If one wishes to be wise, he must devote his reading to the acquisition of wisdom. If one would be powerful, he must read for power. And if one wishes to read for wisdom or power, he cannot send his mind off on a vacation every time he picks up a book.

## Congress Discusses War Referendum Bill

**Ludlow Proposal Calls for Amendment Requiring Popular Vote on War Declaration**

### RAISES SHARP CONTROVERSY

**Whole Question of President's Control of American Foreign Relations Involved in Dispute**

Should the power to declare war be placed in the hands of the people themselves, rather than in the hands of Congress? That is the question which comes before Congress today for action. It comes in the form of a resolution introduced by Representative Ludlow of Indiana. The Ludlow resolution calls for an amendment to the United States Constitution, an amendment which would give the voters of the nation a more direct part in deciding between war and peace than they now have. The amendment for which the resolution asks provides that except in case the country is actually invaded, Congress may not declare war without having first submitted the question as to whether we should go to war to a vote of the people. If a majority of the people call for a declaration of war, Congress may authorize hostilities. If a majority do not support a war declaration, Congress may not put the country into war.

#### Desire for Peace

If the unexpected should happen and this resolution should pass the House of Representatives by a two-thirds vote, it would go to the Senate, and if it passed that body by a two-thirds vote, the amendment for which it calls would be submitted to the 48 states. It would become a part of the Constitution only after being ratified by three-fourths of the states.

Seldom has an American Congress in peacetime dealt with a question in which the American people were more interested. There is no doubt but that millions of Americans are determined that if it is at all possible the nation shall be kept out of war. They are looking for some kind of insurance against war. The supporters of the Ludlow resolution believe that war will be less likely if it is established in the Constitution that there shall be a war declaration only if a majority of the people directly vote on the question and call for war. Opponents to this plan argue, first, that it would not keep the country out of war; that the people themselves would be as likely as Congress to vote for war, and second, that such a policy would tend to tie the hands of the President in his dealings with foreign nations, would render American influence abroad weaker, and would make the heads of our government, who are the people's representatives, less able than they now are to look after the vital interests of the country.

It should be noted that the supporters of the Ludlow resolution make an exception in case the country is invaded. They realize that if any foreign government should bring war to our shores, it would be necessary to act and to act quickly. No question would arise as to what we should do. All would agree that the invader should be repelled. The issue would not be a controversial one. But the advocates of the Ludlow plan foresee danger of our being drawn into war through quarrels which do not affect us so certainly and directly as that. They have in mind the interna-

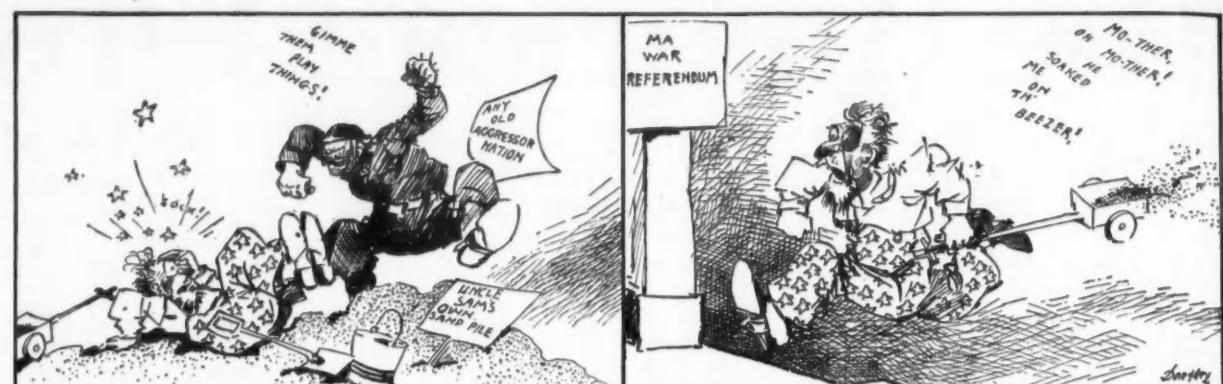
tional situation as it now exists. War is being waged in the Far East. It is being waged in Spain. It may break out any day among the other nations of Europe. When fighting is going on elsewhere in the world, there is always a chance that America may be involved in disputes about interference with our commerce, about injury to the property of the American government or American citizens, and about interferences with various rights which our government may claim in the theater of war. We were involved only last month in a dangerous quarrel with Japan over an attack made upon an American gunboat in the Chinese war zone.

There is a further possibility that our government may become involved in war by taking a stand against the so-called aggressor nations. Those in charge of our foreign policy may decide to join with other democratic nations in opposing conquests by nations like Japan or Germany or Italy, even though these acts of conquest are not directed against the United States.

#### Present War Danger

Every American knows that there is a distinct possibility that our country may be involved over causes such as have just been suggested—a war over the rights of neutral commerce in time of war, over injuries inflicted upon American property or life in war zones, or through a desire on the part of America to help curb aggressors. Everyone knows that if we engage in war in the near future, it will be over causes of that kind and not because we are invaded.

Now many of the advocates of the Ludlow plan think we should not be drawn into war through any such causes. Other advocates of the plan think that a war developing over some such causes might be just and wise. But all the advocates of



DONAHEY IN CLEVELAND PLAIN DEALER

America take the other side. They know, for example, that the President of the United States has refused to invoke the Neutrality Act in the case of the Chinese-Japanese war. He is keeping our warships in China. He is undertaking to protect our commercial privileges there. He has spoken as if the United States, under certain circumstances, might take joint action with the democratic nations against aggressors. Now the advocates of the Ludlow resolution want to put obstacles in the way of our being brought into a war through the operation of such policies. They want to say in effect to the President and Congress: "You shall not draw us into war over issues arising across the seas unless the people, by a majority vote, sustain you in such a course." Such is the actual background of the fight in Congress for the war referendum.

Most of those who are opposed to the Ludlow resolution take substantially the following position: "The vital interests of the United States may be involved, in fact often are involved, in conflicts which arise in other parts of the world. We do not live to ourselves alone. It is not true that our vital interests are touched only when an invader sets foot on our territory. In order to live, we must carry on commerce with foreign nations; we must associate in various ways with foreign peoples all over the world. Our welfare is to a large extent dependent upon conditions which prevail elsewhere in the world. A government, therefore, which sets out to protect the really vital interests of the American people, must have influence over the world over. Our commerce must be protected from attack."

The real interests of Americans abroad must be preserved. Furthermore, we have an interest in seeing that the peace of the world is maintained. In certain cases, it may come to pass that peace can be maintained only if nations which care for peace stand together against militaristic aggressors. However that may be, we need a strong government to deal with our far-flung interests."

#### Case in Point Cited

"The heads of our government" so the argument continues, "must look after American interests throughout the world. Our President is charged with the responsibility of conducting foreign relations. His hands must not be tied. When disputes arise he must be able to speak with authority. For example, in the case of the sinking of the American gunboat *Panay* in China, the United States government was powerful because it could speak with authority. The Japanese were obliged to listen. If the rule had prevailed that the President and Congress could not declare war, that nothing could be done until after the matter had been fought out in a campaign before the American people, the American government would have been greatly weakened in the negotiations with the Japanese. The Japanese would have been united, and their representatives could have spoken for the whole nation. They would have felt that they were dealing with a disunited people and would have been encouraged to disregard what the President and his

secretary of state said. They would probably have gone on with their aggressions. Finally they would have gone so far that the people of America would have become aroused. Then they would have voted to go to war."

"Not only then," it is contended, "would the Ludlow plan render the American government weak in its attempt to look after vital American interests abroad, but it would actually make wars more probable instead of less probable."

It is important to understand that many, though not all, of the opponents of the Ludlow resolution favor what is sometimes called a "strong" international policy, that is, a policy of rigidly protecting American commerce and other interests abroad, even though such a policy might lead to war, and they do not want those who are in charge of our foreign policy to be embarrassed by a provision that they cannot go to war except by a vote of the people.

#### Goals of Foreign Policy

Most of the supporters of the Ludlow resolution look with disfavor upon a so-called "strong" international policy. They would have this country protect commercial interests abroad so far as that could be done without danger of war. But they would have us withdraw from commerce and other contacts when these contacts were threatening to lead us to war. Such would be the position of the majority of the friends of the Ludlow plan. The Ludlow advocates emphasize the fact that war itself is a terribly dangerous thing for a nation. They argue that war is a calamity, that it deprives many of life, that it deprives all of a measure of liberty, that it piles up debt, disarranges industry, causes depressions, and places our very form of government in peril. While admitting that certain wars may be justifiable, they think that in every case the presumption is against war and that every possible safeguard against going to war should be adopted, even though it involves some inconvenience and some embarrassment in the conduct of foreign relations.

Opponents counter by denying that the Ludlow plan is any effective guarantee against war. They say that the people themselves are more easily swayed by war propaganda than are Presidents and Congress. They point to the fact that a majority of the people have favored our entrance into every war of our history. (For an examination of the facts bearing upon this argument see "Historical Backgrounds" on page 6.)

The debate over the Ludlow resolution really hinges upon these questions: (a) Is it or is it not likely that our Presidents will recommend, and that our Congresses will vote for, declarations of war which the people, if given the chance, would vote against? (b) Would a provision that war could be declared only by vote of a majority of the people seriously cripple the President and the State Department in their effort to preserve vital American interests abroad? These are questions which anyone seeking to make up his mind respecting the war referendum plan must

decide for himself, and the decision can come only after careful thought and study. Many other questions than the two we have just stated are, of course, introduced in the debate over the Ludlow resolution. Opponents, for example, spend much time in showing how the plan would break down in actual practice. But the two issues which have been stated are unquestionably at the heart of the controversy.

#### How People Can Control

Perhaps the Ludlow plan would be helpful as a preserver of peace. Perhaps it would not. That is not for the author of this article to decide. This much, however, can be stated as a fact: Ordinarily a President is in a position to create situations which will lead either to war or to peace. If a President wants war he can so conduct his foreign policy as to make any other course than war practically impossible. By sending our ships into foreign waters in times of stress, he may create incidents which will stir the emotions of the people to a boiling point. By the kinds of notes he sends to a foreign government, he may create a situation under which it will appear that the "national honor" can be saved only by war. He can set in motion a train of action which will stir up incidents and point in the direction of war. The best and most complete insurance against war, therefore, is for the American people to develop a well-informed and vigilant public opinion on foreign policy—a public opinion so forceful that it will exert a pressure on the President and Congress and thus induce them to pursue policies at all times which are in agreement with the will of a majority of the people.

**References:** (a) Peace Amendment, by L. Ludlow. *Journal of National Education Association*, December 1937, p. 285. (b) Should We Vote on War: A Debate Between Louis Ludlow and Charles I. Faddis. *Forum*, November 1937, pp. 238-242.

**PRONUNCIATIONS:** Rafael Trujillo (rah-fah-el' troo-heel'yo), Santo Domingo (sahn'to do-meen'go, o's as in go), Panay (pah-nigh'), Goga (go'ga).



HARDING IN DETROIT TIMES

the plan insist that a war fought because of disputes over conflicts which arise thousands of miles away is not in the same class as a war fought to repel invaders. There would at least be a difference of opinion about whether we should go to war for the right to maintain gunboats in the Yangtze River, or whether we should go to war to keep Germany from invading Czechoslovakia, or for the privilege of shipping wheat to Germany in case England were at war with that country. A proposal to take us into such a war would, at the very least, be controversial. Not only that, but the decision as to whether we should go to war or not would be a fateful one—one upon which the very future of our country might depend. In the case, then, of such a decision, a decision on a doubtful matter of policy and one involving the fate of the nation, it is contended that the people themselves should make the decision.

Most of the advocates of the Ludlow resolution believe that America should be strictly neutral in the case of wars among foreign nations. They think that Americans who stay in the war zones should stay at their own peril, that they should not have the protection of the American armed forces, that American armed ships and merchant ships should stay out of the war zones, and that we should not take part in foreign conflicts, even though the dictatorships may be lined up on one side and the democracies on the other. These people know that influential forces in Amer-



THE LAST TIME  
America's entry into the World War was undoubtedly popular with the vast majority of Americans. War posters, such as the above, were enthusiastically displayed and they helped to raise money with which to finance military operations.



E. M. NEWMAN FROM WIDE WORLD

**NEXT OBJECTIVE?**  
It is believed that Japan is determined that Canton, important city of Southern China, shall suffer the fate of Shanghai, Nanking, and other captured cities. The proximity of Canton to Hong Kong, center of British interest, will make this campaign full of dangers.

**China:** Millions of Americans who went to the movies last week to see the films of the *Panay* incident saw something which was even more tragic. In the *Panay* film were scenes of death and misery among poor Chinese families; people who were no more responsible for the war than the readers of this paper are. One scene showed a Chinese woman weeping over the body of her slain husband, with their little son tugging at her skirts and crying piteously. Another scene portrayed a Chinese father, frantic with grief, carrying the lifeless body of his child—a victim of the Japanese attack. Here was a picture of war, stark and real, with all glory eliminated, with nothing but death and torture and a wild sorrow. We are inclined to close our minds to such pathetic realities when we think and talk of daily developments incident to war. We speak of China as if it were a lifeless abstraction. But what is this China which is being torn and mangled today by the invader? Who are the real Chinese, and how do they live? Here is a vivid bird's-eye view of the China now being tortured by war. It is quoted from *The Junior Review*:

The countryside in China is as a rule not beautiful. Forests and woodlands are not present to vary the scenery. They have been cut down because every inch of precious land must be cultivated. Much of this land has been worked so much and so long that it looks worn and tired. Yet the Chinese must go on tilling it, spreading what fertilizer they can get to increase its yield.

The great majority of Chinese are farmers. The average farm is only two or three acres in size, and the farmer must struggle hard to make it yield enough to feed his family, which is usually large, consisting not only of himself, his wife, and children, but often also of parents and other relatives. Family life is important in China.

This typical Chinese farmer does not know much about modern methods of agriculture. The implements he uses are the same as were employed by his ancestors; the creaky, wooden, never-oiled wheelbarrow, the man-operated water wheel which draws water to the fields for irrigation, the crude cultivating instruments, the tiring apparatus to grind the grain. Horses and tractors are not used, because human labor is cheaper and more plentiful.

The Chinese farmer frequently lives in a mud hut, bare, uncomfortable, and windowless. He suffers from the cold in winter and from the humid heat in summer. He wears coarse cotton clothes. Books, movies, and newspapers are unknown to him.

A few Chinese are able to better themselves and become merchants, scholars, or politicians. More of them become soldiers to fight in the wars which seem always to be going on in China. The great masses of Chinese, however, are poor and must work terribly hard to keep themselves alive.

Most of the Japanese probably disliked the idea of a war with China until the fighting started. Now, however, a war fervor has developed, and the people support the government in a spirit of patriotic devotion.

\* \* \*

**Santo Domingo:** The dispute between Haiti and Santo Domingo over the alleged massacre, on their common frontier, of 12,000 Haitians focuses the news spotlight on Rafael Trujillo, the Dominican president said to be responsible for the outrage.

Trujillo is in many ways typical of the dictators scattered through the Caribbean. But his reign, according to Carleton Beals, a leading authority on Latin America, is more tyrannical than that of the other dictators.

Trujillo is reported to be despotic and pathetically vain. He has had himself appointed a "doctor of the university," a generalissimo, and admiral of a navy that consists of a decrepit steamboat mounted with guns. During the election which brought him to office, his campaign slogan was "God and Trujillo." Now, newspapers in the capital, which he has had renamed "Trujillo City," refer to "Trujillo and God."

In order to maintain himself in office, President Trujillo is said to have exiled, imprisoned, or killed several thousand of his own people. Either directly or indirectly, through members of his immediate family, he controls the tobacco, cattle, and silk industries of the state.

\* \* \*

**Rumania:** Rumania seems to be slipping under the influence of Germany. This is a blow to French influence in Europe and to the forces which are regarded as anti-German. Rumania is a member of the Little Entente, the other two members being Czechoslovakia and Yugoslavia. This group of nations has looked to France for leadership and has been depended upon to stand out against German aggression if the Nazi armies should start on the march. For some time, however, there have been intrigues and the pro-German element in Rumania has been influential.

Two weeks ago, developments took a new turn. There was a parliamentary election, but no party received 40 per cent of the vote, which is the percentage a party must have in order to remain in power. The premier and his cabinet resigned. King Carol then appointed a cabinet headed by Octavian Goga, notoriously pro-German. He has a small proportion of the parliament with him, but the fact that he has been made head of the cabinet, even though he

has a small number of parliamentary supporters, indicates that King Carol intends to throw away such democracy as has prevailed in Rumania and establish something like a dictatorial regime.

There are prospects that the new government will operate according to the Nazi pattern. The new premier has said that Jews are in control of nearly all the basic industries of Rumania and that he will throw them out and reestablish Rumanians in their jobs.

\* \* \*

**England:** Mr. Fred Newman, a London correspondent, writes to **THE AMERICAN OBSERVER** that business is on the upgrade in England, but that the people are anxious about the possibility of war. He gives an interesting picture of activities in the British metropolis during the Christmas holidays:

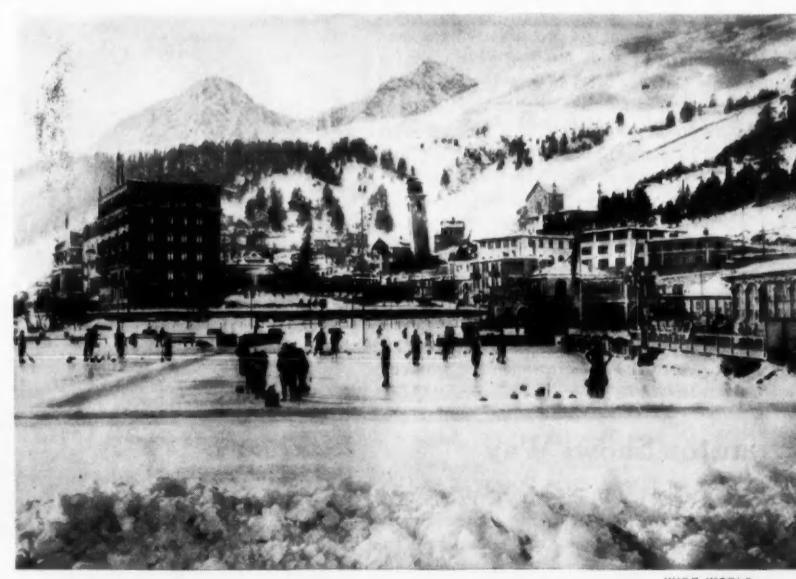
London's shopping centers are busy and gay with Christmas displays and from all accounts business is good. Wages have gone up this year pretty well all around.

The housing activity keeps the building trades busy. There is a good deal of criticism of the authorities for destruction of picturesque old cottages and notable houses. It is part of the everlasting argument between the artists

COURTESY CURRENT HISTORY  
HAIKI AND SANTO DOMINGO—UNFRIENDLY NEIGHBORS

who love the old ruins and disorder—at a distance—and the practical reformer, who wants everything of the latest type and is backed by the speculative builder. Most people in London see a redundancy of flats, and regret the passing of the pleasing, pompous old Georgian houses of the eighteenth century. There were lots of them in the, then, suburbs, eight or ten miles from the city in prewar days. Detached, aloof, standing in their acre or half acre, homes of our merchant princes. Most of these big houses had good large cellars, now they are sought for by Local Councils as possible shelters during air raids.

Many are anxious over the possible imminence of war, when the season of the fogs are over. The Local Councils are chary of spending money and increasing the rates for defense; work that we hope may not be needed. But there are those who point out that London is but a few hours from German aerodomes, and there may be little time to plan.

WIDE WORLD  
WINTER SPORTS AT ST. MORITZ

Play is an important industry in Switzerland. Thousands flock annually to internationally famous centers in this ruggedly built European country.

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and Action

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WE ENLARGE OUR NAVY

It is expected that the present session of Congress will authorize a considerable increase in the size of the United States navy, and perhaps of the army and air forces. The rapid increase of armaments in other nations is given as the reason for the necessity of this step.

## President and Congress

President Roosevelt delivered an important message to Congress when the session opened January 3. He opened his address with a statement on foreign policy. In effect it was a warning to the undemocratic nations that aggression and treaty breaking threatened the peace of the world and that the United States would cast its lot with the democracies. A policy of armament on the part of this nation was recommended.

The President then turned to domestic matters and called for a program of farm relief in order to increase the purchasing power of the farmers, and for wage-and-hour legislation in order to increase the purchasing power of the lowest paid workers. He then referred to the relation of government and business. He said that most businessmen cooperate in an effort to restore national prosperity, but that a minority engage in practices contrary to the public good. Among these practices are tax evasion, unfair competition, and the maintaining of high monopoly prices. He disclaimed hostility on the part of the government toward business as a whole, but said that he would deal with special abuses of certain types of business in a later message.

It is significant that the President has given up his plan of balancing the budget next year. He says he will do what he can to reduce expenses without crippling necessary government services and without starving the unemployed, but that the budget for 1939, which he will shortly send to Congress, cannot show a balance between income and outgo.

## President and Press

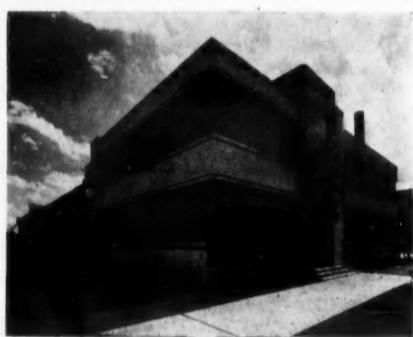
On the last day of 1937, President Roosevelt received the newspaper correspondents in one of his semiweekly press conferences. As he sat at his desk surrounded by the newspapermen, he appeared to be in good health and spirits, despite the gloom which prevailed in many quarters because of the rapidity with which the business decline was proceeding at the year's end. He greeted the reporters with his usual joviality and self-assurance. When asked if he had made any New Year resolutions he said, "A good many." He refused, however, to tell what they were. He said that they were all too personal a matter—just the sort which people everywhere make. A White House reception had been held the night before and someone asked the President what he thought of the "Big Apple." He replied that, as a music lover, he felt that it lacked rhythm.

When the correspondents turned to more serious matters and asked the President if he had anything more to say about the charges against monopolists which some of the members of his administration were making, he would say no more than to refer to the experience of Theodore Roosevelt. The earlier Roosevelt made an attack on certain classes of big businessmen and spoke of "malefactors of great wealth." He was then charged by many of the papers with having said that all wealthy men were malefactors. In this way the President made the point that he and his

supporters are not making an attack upon all classes of business, but that, like Theodore Roosevelt, they are attacking those whose practices are antisocial.

## Unemployment Census

In an initial report to the President, John D. Biggers, director of the unemployment census, indicated that as many as 10,870,000 persons were unemployed last November when the census was taken. Actually, only 7,822,912 persons reported themselves out of work; but a scientific check, through nationwide



OWENS-ILLINOIS GLASS CO.  
MOSTLY GLASS  
Glass is being used in increasing quantities in the construction of buildings.

samples, showed that the figure was probably 3,000,000 short. It is believed that since the taking of this census, at least another million have been thrown out of work.

These figures are not complete or wholly satisfactory. It seems reasonably safe to say that from 8,000,000 to 10,000,000 persons were unemployed before the current recession set in. It is not pleasant to think that after four years of recovery, something like a fifth of all the workers of the nation are still jobless. Yet that seems to have been the fact. Production had increased during this time until it had reached a higher figure than that of 1929. The country was not so prosperous as it was in 1929, for the population had grown, and a considerably higher level of production should have been reached in order for the level of well-being to be as high. The fact remains that the physical volume of production was as great last fall as it had ever been and yet jobs were lacking for about one-fifth of all the workers. This must mean that technological unemployment is indeed a very serious problem and perhaps a permanent one. Even though we get back before long on the recovery road, we will have to give very thoughtful attention to the problem of unemployment due to the substitution of machinery for human labor.

## Evanston Shows Way

The Metropolitan Life Insurance Company, which carries on an unceasing campaign to improve health throughout the nation and to cut down the toll of accidents, is running an advertisement in the newspapers in which it holds up Evanston, Illinois, as an example of a city which has reduced accidents through

traffic regulation. "At Evanston, Illinois," we are told, "an aroused public has enabled authorities to enforce traffic laws justly, competently, and speedily. Evanston's judges know that delay is the ally of the guilty, and ticket fixing the enemy of justice."

"Punishment is used as a deterrent. If the evidence shows ignorance of traffic laws, or if a fine would work undue hardship on a family, offenders are frequently sentenced to attend Driving School. Instead of imposing fines on youthful violators, they are placed on probation and forbidden to drive.

"These are some of the activities that have enabled Evanston to win the Grand Award, twice, in the Annual National Safety Contest. They have helped to reduce accidents and to save lives."

## Regional Optimism

The American Institute of Public Opinion has conducted a nationwide poll to find out what the people of the country think of the business situation. Thousands of people were asked this question: Do you expect general business conditions will be better or worse during the next six months? Fifty-eight per cent of the thousands who were interviewed thought conditions would be better. Forty-two per cent thought they would be worse. But here is an interesting fact. In the Rocky Mountain states only 31 out of 100 thought conditions would be better. In the Southern states 48 out of 100 expected an improvement during the next six months. In the Pacific Coast states 50 out of 100 thought conditions would improve. As the interviewers proceeded eastward and northward, however, they found greater optimism. In the West Central states 55 out of 100 expected improvement. In the East Central states the number of optimists to the hundred was 66. In the Middle Atlantic region it was 62, while in the New England states, 69 of every 100 thought business would improve during the next six months.

The fact that despite the recent drastic decline in business nearly three-fifths of the people of the nation expect an upturn within six months is significant. It is really a very hopeful sign because psychology will have a great deal to do with the course of business. If a large enough proportion of the people expect improvement, it is much more likely to come than if a majority are apprehensive.

## Railroad Puzzle

The Interstate Commerce Commission is still considering the plea of the nation's railroads to raise their rates 15 per cent on freight, and one-half cent a mile on certain passenger lines. Since the railroads have shown that their expenses rose 365 million dollars last year, it



ATTACKS MONOPOLIES

Robert H. Jackson, assistant attorney general, whose recent antimonopoly speeches have stirred a controversy. President Roosevelt took a softer tone toward business in his message to Congress.

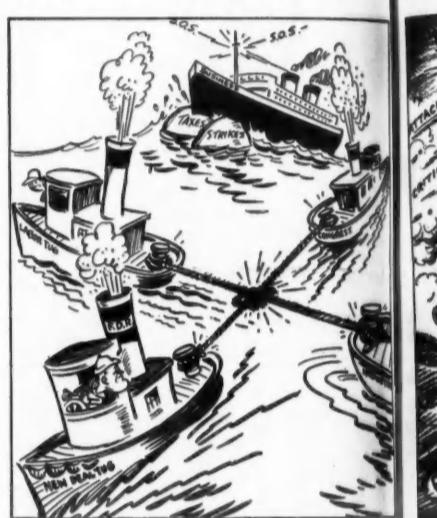
# The Week in Review

## What the American People Are Doing

NEW DOCTOR ON THE CASE  
HERBLOCK FOR NEA SERVICE

seems likely that the ICC will agree to the request for higher rates.

But President Roosevelt has said that merely raising rates will not solve the railroads' problems. Two things are wrong with the railroads, he says. They are overcapitalized; that is, too much money has been invested

PULLING AT THE WRONG PLACE  
HUNGERFORD IN PITTSBURGH POST-GAZETTE

vested in railroad bonds, and the companies do not earn enough to pay the interest. Also, there are too many competing lines; many of them should be consolidated. Unless these conditions are corrected, he says, raising the rates will be of only temporary benefit.

Should Congress pass legislation to help the railroads straighten out their affairs and get on a firm basis? A Senate committee has been investigating the roads for several months. Just before Congress adjourned in December, Senator Wheeler found that several companies had been speculating with their stockholders' money and had turned in false reports to the ICC. These facts may lead to drastic proposals by the committee to regulate financing.

## Labor's Outlook

The new year will be a critical one for labor organizations. Recently, when the Committee for Industrial Organization and the American Federation of Labor failed to agree on terms to merge into one body, each gave warning that it would increase its efforts to gain members. Rival unions already exist in several fields. It seems likely that each organization will invade occupations which up to now have been dominated by its rival. For instance, the A. F. of L. is planning to charter unions for workers in automobile plants and rubber factories, in which C. I. O. unions are already established.

Warfare between the unions has been going on for some time. In Oregon, the A. F. of L. controls the teamsters who transport lumber turned out by C. I. O. laborers. This situation has led to a great deal of strife. Impartial

# United States

Doing, Saying, and Thinking



**WATCH OUT!**  
SWEIGERT IN SAN FRANCISCO CHRONICLE

observers believe that such struggles hurt labor organizations, because they hinder business and sometimes lead to violence.

Since 1938 is an election year, political organizations such as the American Labor Party and Labor's Non-Partisan League will test their strength. In some cases, the C. I. O.



**THE HUNTER HUNTED**  
HOMAN IN SHREVEPORT (LA.) JOURNAL

and the A. F. of L. will be united in favor of certain men, but in others they will be supporting rival candidates.

## Spoils vs. Merit

In July 1936, President Roosevelt issued an executive order which placed 14,548 postmasters of the first, second, and third class offices under the civil service system. Congress has the power to overthrow the order at any time, or to make it permanent. Two bills which will probably be considered at this session deal with these postmasters. The first bill, introduced by Senator MacKellar, would make it possible for each succeeding President to appoint the 14,548 postmasters with the approval of Congress; there would be no civil service restrictions. The Ramspeck Bill, already passed by the House of Representatives, would make the President's order permanent by writing it into a law. Advocates of civil service, such as the League of Women Voters and the National Civil Service Reform League, are working against the MacKellar Bill, which they say is a return to the "spoils system." They are trying to get the Senate to pass the Ramspeck measure instead.

## "Wells Fargo"

Hollywood is turning more and more to the pages of history for screen material. It has found that such productions, when well done, command popular attention. The outstanding historical film of the year just gone by was "Emile Zola," a film which was unanimously praised by critics and audiences alike.

The latest effort along this line is "Wells Fargo." This screen play tells the exciting story of the railroads, the stagecoaches which they replaced, the corporations which financed them, and the men who built them. The scenes in the film are authentic, and, while by no means all-inclusive, lend genuine atmosphere to the drama of early American railroads. Joel McCrea has the leading role, supported by Frances Dee. Bob Burns supplies the humor. The film is worth seeing.

## A Bigger Navy

Within the next year and a half, the United States plans to build at least two new battleships, two cruisers, eight destroyers, and six submarines. A few days ago, President Roosevelt wrote to the Naval Appropriations Committee of the House of Representatives to tell the members that he may recommend even more construction soon.

The President, in calling for a larger naval program, said that world events had caused him growing concern since he first planned increases in the navy for the year. He said that he did not refer to any specific nation or event, but that in the world as a whole "many nations are not only continuing but are enlarging their armament programs."

There are many members of Congress and people out of Congress who do not think that additional sums of money should be spent on military preparation at the very time when the government is unable to provide for all the American families in need. It is contended that we have a sufficient army and navy to protect our borders, and that we should not be contemplating going into foreign waters or territory to fight. Probably a majority of Americans, however, favor President Roosevelt's plans to strengthen the American military forces.

## Throw No Stones!

Houses built entirely of glass and metal may be practical in the near future, as new inventions make glass stronger and cheaper. Glass houses will cost no more than present-day structures, it is said, and they will last much longer. For one thing, owners of glass houses will not have to worry about termites, which do considerable damage in wooden buildings. Heating a glass house is said to be cheaper than heating any other type of house. Entire walls of glass can be made strong enough to withstand tremendous pressure—in a recent exhibition, a three-ton elephant walked across such a slab, only three quarters of an inch thick, supported only at the ends. Engineers have already produced colored glass for trimmings, and it is possible to work patterns into glass which would do away with the need for wall paper.



**THE C. I. O.'S NEW HOME**  
This former University Club building in Washington has been completely renovated and enlarged by the United Mine Workers' union. John L. Lewis will have his headquarters here.



COURTESY WARNER BROS. THEATRES, WASH., D. C.

**MAKING A MOVIE**  
The movie set is carefully prepared with attention to the most minute detail. If the picture is a historical one, great care is taken to make the set historically accurate. The technique of making motion pictures is explained in a new book, "We Make the Movies." The above scene is from "Wells Fargo," a typical historical motion picture.

## NEW Books

**S**CIENTISTS in the Department of Agriculture estimate that there are 25,000,000 insects in the air above each square mile of the earth's surface. Other authorities say that more than 3,500,000 insects live in the soil under each acre of meadowland. Altogether, it is estimated that nine-tenths of the living creatures on the face of the earth are



**PRAYING MANTIS**  
(From a photograph by Edwin Way Teale in "Grazing Jungles.")

insects. The housewife has done very little to reduce the population in the world of bugs when she swats a dozen flies in her kitchen, and the ant kingdom will not miss a few hundreds of its members which may be ground under the foot of a picnicker.

Man must use more extensive methods than these if he is to combat the immense harm done by termites, ants, flies, boll weevils, and gypsy moths. One estimate places the annual farm loss caused by insect pests at \$1,500,000. However, this damage is somewhat balanced by the good work which insects do. They provide silk and make honey. In some parts of the world they are used for food, while their aid in fertilizing crops is so important that there could hardly be crops without them. It is necessary, therefore, that man should know more about the lives of these minute creatures. He must know how to fight the pests and reduce their damage, and at the same time recognize his insect friends and their benefits to his daily existence.

An excellent book from which to obtain a great deal of this knowledge is "Grazing Jungles," by Edwin Way Teale (New York: Dodd, Mead. \$3.75). The author, who is well known for his work in insect photography, has illustrated the book with 130 photographs. His story tells everything that the amateur entomologist would want to know about insects—how they live, how they are constructed, what they do, and what their significance is in the world of living things.

**T**HERE is no better way to obtain an authoritative picture of an industry than to go to the specialists in that field. For instance, if one desires to learn a great deal

about the motion picture business, he should read "We Make the Movies" (New York: W. W. Norton. \$3). Edited by Nancy Naumburg, this book is a collection of articles by well-known experts in Hollywood. Each, in his chapter, takes the field which is his specialty, and describes its problems and methods. Every movie-goer will recognize the names of the contributors, among whom are Jesse L. Lasky, producer; Samuel Marx, story editor; Sidney Howard, playwright; Bette Davis, actress; Paul Muni, actor; and others.

One of the most interesting chapters is written by Walt Disney, creator of Mickey Mouse. From a humble beginning, the division of animated cartoons has grown to be one of the largest fields in pictures. Disney produced the first Mickey after watching the antics of tame mice which he caught in his office in Kansas City. It was not long until he decided to move to Hollywood, and since then his cartoons have given world-wide entertainment. Only recently, a Mickey Mouse film was banned in Yugoslavia because the government censors thought it might have a subversive influence on the people.

Together, the articles in "We Make the Movies" form an intelligent discussion of the land of cinema arts. The reader will find it a help in selecting better movies, and in appreciating the finer points of picture production.

\* \* \*

**T**HOUGH a person may never produce a book or seek his living through lecturing, he should know the principles of good writing and speaking to use in everyday life. We all write letters and reports; we are always speaking to individuals, family groups, and large or small meetings. On each of these occasions it is important to know the best ways in which to employ language. Two books have appeared recently which will be invaluable aids to everyone who wants to improve his ability to write and to speak.

The first of these books is "Write and Speak Better," by William G. Hoffman and Roy Davis (New York: Whittlesey House. \$3). Their volume is a complete text for self-improvement in language, covering thoroughly the use of the written word, and giving attention to the problems of speaking—conversation, discussion, language, enunciation, pronunciation, and voice. No one will find difficulty in following their suggestions and explanations.

\* \* \*

**T**HE second book is "Writing and Rewriting," by Harry Shaw, Jr. (New York: Harper and Brothers. \$1.75). This little volume is a handy guide to the basic mechanics of good usage in the English language. Professor Shaw reviews the rules applying to the word, the sentence, the paragraph, the whole theme, punctuation and mechanics, and grammar. Reference to specific principles is made easier by the use of red ink in printing the important rules. Each of the rules is applied and illustrated with many examples which will afford the craftsman material aid.—J. H. A.

## Historical Backgrounds

By David S. Muzzey and Paul D. Miller

### Public Opinion and Past U. S. Wars

**H**AVE the foreign wars in which the United States has engaged been popular with the people? If the question of going to war had in each case been submitted to national vote, would a majority have favored a declaration of war? What does a study of American history teach us with respect to these questions?

**Revolutionary War:** If in 1775 the people of the colonies had been asked, "Do you wish to go to war in order to win independence from the Mother Country?" a great majority would undoubtedly have voted "No." Sentiment in favor of fighting, if necessary, grew rapidly, however, during the following year. If the vote had been taken at the time of the adoption of the Declaration of Independence, or at the time when hostilities on a considerable scale started, the vote would probably have been strongly in favor of war. Many of the wealthiest and most influential and many of the professional classes would have stood out against a declaration of war.



DAVID S. MUZZEY

But the sentiment for independence at any cost was very strong among the poor people — among the masses—and this mass movement was probably sufficiently powerful to have carried a declaration of war by a large majority.

**War of 1812:** President Madison did not want war and stood out against it as long as he could. So this cannot be called a "president-made" war. The country itself was divided. New England was against war. The commercial interests there thought they would suffer by the breaking off of trade with England. Western leaders, most prominent among whom was Henry Clay, wanted war, partly because they thought that by fighting England they could put a stop to the Indian wars, and partly because they wanted to annex Canada. There is no reason to think that Clay and the western and southern leaders did not represent the sentiments of the people in their sections. A vote on a declaration of war would therefore have divided the country, with the majority probably in favor.

**Mexican War:** This comes as near being a "president-made" war as any we have had. President Polk wanted a war and planned it. However, he had a large part of the country with him. The South wanted it in order to extend slave territory.



THE WAR BEGINS

As President Wilson delivered his historic message to Congress on April 6, 1917, asking that war be declared against Germany.

Most of the West wanted it because, coupled with the plan to expand into Mexico, was another proposal to take the territory along the Pacific which was in dispute between this country and England. The West wanted to expand westward. Many people opposed the war. Abraham Lincoln, then a member of Congress from Illinois, introduced a resolution questioning the President's declaration that the war had been started by Mexico on American soil. Opposition to the war, however, was rather feeble, and it seems likely that a strong national majority supported it.

**Spanish War:** During the late winter and early spring of 1898 a popular clamor for war with Spain developed in the United States. President McKinley opposed going to war. The clamor grew. It was heard in Congress and among the people. We need not inquire here concerning the manner by which this sentiment was developed. Undoubtedly certain newspapers played a big part in it. The reality is, however, that the demand for war was widespread. President McKinley actually wept when he saw that he could no longer resist it. Had the question of going to war been submitted in April 1898, it would have gone over with a relatively small number of dissenting votes.

**World War:** The sentiment against going into the war was almost universal in 1914 and 1915. By 1916 quite a little sentiment in favor of going in had developed. The antiwar sentiment was still strong enough, however, that the slogan, "He kept us out of war," helped reelect President Wilson. But during the following winter and early spring, there was a marked change in sentiment. The President decided that we should go into the war. Then the tide turned among the people themselves. Whether it turned because of the President's influence or through other considerations, we need not here inquire. It is as certain as anything in history, however, that if the question of going to war with Germany had been submitted to a vote of the people on April 6, 1917, the day it was submitted to Congress, it would have carried overwhelmingly. So strong, in fact, was the feeling in those days that it is difficult to see how anyone would have dared to take a public stand against our going into the war if that question had been put up for a vote. So wrought up were the people that if a speaker had arisen in public meeting, calling upon his hearers to vote against a declaration of war, he would probably have been mobbed.

The conclusion seems inescapable that the wars of American history have been popular with the masses of the people. They have been favored by majorities. It does not follow, however, that the same will be true of future wars. In the past our wars, with the exception of the World War, have started either actually on our borders or very near them. They have been wars that came very close home to us. During comparatively recent history, however, American interests have extended over the entire world. We have become a world power since the Spanish War. Furthermore, the period of our territorial expansion into regions bordering our own is probably over. The chances are, therefore, that in the years to come disputes will arise frequently over conflicts which occur on the high seas or in far-away regions. It is quite conceivable that when threats of war arise over such questions, opinion at home will not be so nearly united as it has been when foreign armies or navies were at our own gates.



(FROM A PHOTOGRAPH BY MARGARET BOURKE-WHITE IN "YOU HAVE SEEN THEIR FACES," BY ERSKINE CALDWELL AND MARGARET BOURKE-WHITE. VIKING PRESS.)

### Something to Think About

#### Test Your Emotions:

The picture at the top of this page gives us a glimpse into a home cursed by poverty. This family happens to live in the state of Georgia, but it is one of hundreds of thousands to be found throughout the nation. The feelings of people differ when they see a picture of this kind. Their emotions depend upon the depth of their sympathies, the degree to which they are sensitive to the sufferings of others, their opinions and prejudices with respect to the causes of poverty, the nature of their experiences, the degree of their selfishness, etc. There follows a statement of six attitudes. Examine the list carefully and decide which of the six most nearly expresses your feelings. You need not tell anyone what your feelings are if you would rather not. This test is merely for the purpose of helping you to analyze your character, attitudes, and prejudices:

1. "The picture makes no particular impression on me. It arouses no definite emotion."
2. "I can't be bothered with such things. If these people worked as hard and as intelligently as my relatives do, they probably wouldn't be so poor."
3. "They probably have as much as they deserve."
4. "I'm sorry for them, and if I thought much about them it would cause me real discomfort, so I'll turn to something else."
5. "I feel deeply sympathetic with them. Thinking about this family makes me feel that I must find out more about the causes of such conditions so that I can work for improvement."
6. "Such pictures make me angry; angry at the wealthy interests which are responsible for poverty."

In deciding which of these attitudes is most nearly your own, be honest and self-critical. Remember you gain nothing by trying to deceive yourself.

#### Are You Sure of Your Facts?

1. True or false: Advocates of the Ludlow resolution declare that there should never be a declaration of war unless the country is actually invaded.
2. True or false: Congress has the power to declare war but ordinarily a President can force the country into war by creating an international situation which will make war almost certain.
3. True or false: Opponents of the Ludlow plan admit that it would make our going to war less likely, but they say this would not necessarily be a good thing because wars are sometimes justifiable.
4. Which of the following statements respecting the current business recession expresses the prevailing opinion among economists and business leaders? (a) it was caused by high monopoly prices; (b) it will probably be followed by a recovery movement beginning before the end of 1938; (c) it has not been as severe in its early stages as the 1929 depression was; (d) it is likely to be prolonged by a bank crisis; (e) it will come to an end when shelves everywhere are filled with goods so that there is plenty on hand to meet demand.
5. Explain the charge, made in some quarters, that certain big business interests have helped bring on the depression. How is it said that this has been done?
6. Explain the charge that the Roosevelt administration is largely responsible for the business decline.

#### Can You Defend Your Opinions?

1. In the light of evidence concerning the way the wars of American history have come about, do you think the people themselves are as likely to favor our going to war as Presidents and Congresses are? In other words, would the Ludlow plan serve to prevent wars?
2. Give one reason why you are for or against the Ludlow plan.
3. Do you think the current business recession will develop into a major depression of long duration? Why or why not?
4. How do you account for the fact that no one, not even industrial or governmental leaders, can tell with any degree of certainty when periods of depression or recovery will come or how long they will last?
5. Find examples from your newspaper or magazine reading of politicians, businessmen, or editors who speak or write angrily, call names, and in general act childishly rather than rationally in dealing with serious and complex problems, concerning the solutions of which no one is certain.

#### Do You Know the Answers?

- (They are found in this issue of THE AMERICAN OBSERVER.)
1. How many insects are in the air above each square mile of ground?
  2. How many were unemployed in the United States on November 20, according to unemployment census figures?
  3. In what country is a drive against Jews being planned?
  4. What American President planned a war?
  5. What does President Roosevelt consider the chief trouble with the railroads?
  6. How and to what extent is the United States preparing for war?
  7. What section of the country is most optimistic?
  8. What country is enjoying a building boom?
  9. What does President Roosevelt think of the Big Apple?
  10. What American city has achieved marked success in promoting traffic safety?

## Student Action

### School Clubs Being Formed; Opportunity for Leadership

In high schools and colleges throughout the nation, student clubs are being formed for the double purpose of giving students, capable of leadership, a chance to develop their talents and of giving those who are interested in public affairs an opportunity to clarify their ideas and enlarge their influence through public discussion. The club meetings stimulate an interest in the problems with which the social studies deal. They help those who participate to become more effective citizens, and at the same time they are found to constitute a student activity which is enjoyable of itself.

From week to week we will furnish suggestions on this page designed to assist students who are members of such clubs or who desire to form organizations. We will present material on the information of groups of this kind, on the conduct of meetings, on materials which may be studied, and on programs which may be given. Following are a few suggestions for a program of some club meeting:

#### A Typical Program

**1. Brief review of the week.** May be a paper or a prepared talk with or without notes. Should cover important community, national, and international developments. Offers an opportunity for one to demonstrate his ability in selecting material, judging the importance of events, and explaining their meaning. Should not consume more than about 10 minutes.

**2. Personality sketch** of someone, either American or foreign, who figures prominently in the week's news.

**3. A review of a book or magazine article** on a subject both interesting and important. This should be a significant part of the program.

**4. Music.** The nature of the musical production will depend upon the talent available, but in almost every group there are a number who have musical ability, and music offers a pleasing diversion.

**5. A debate.** It may be formal, with either one, two, or three debaters on each side. If there are three speakers, the time of each should be limited to less than 10 minutes. The debate may be informal, with someone presenting the subject and a panel of probably four members engaging in conversational argument. The subject which we suggest this week is the one considered elsewhere on this page, "Should the United States Withdraw from the Far Eastern War Zone?" References may be found in column 4.

THE AMERICAN OBSERVER hopes to keep in contact with clubs which are organized to promote the study and discussion of vital issues. The editors will appreciate it if reports are sent to them concerning the clubs which are already in operation and concerning plans for organization.



ANYWAY, IT ISN'T SHUT—YET  
MORRIS IN JERSEY JOURNAL



PRACTICING INTELLIGENT CITIZENSHIP  
One can understand complex national and international problems only by spending much time in reading, thinking, and discussion.

PUBLISHERS PHOTO

## Should the United States Withdraw From the Far Eastern War Zone?

Before we decide between two different policies or courses of conduct, we must make up our minds what the probable consequences of each would be. In this case there are two possible courses which America may adopt: (a) our government may put the Neutrality Act into effect in the Far East, may warn American citizens to stay out of the war zones, may withdraw American ships and take no part in determining what happens in the Far East. (b) On the other hand, our government may undertake to protect Americans in China, may keep vessels in the war zone for that purpose, may use its influence to prevent the taking of Chinese territory by Japan, may even go so far as to join other nations in trying to curb Japan and other aggressors. Before we can decide wisely which of these courses should be followed, we should know what the consequences of each course would be. We do not, however, know to a certainty what the consequences of either would be. The best we can do, then, is to consider, first, the things which might happen if we adopted policy (a) and then all the things that might happen if we adopted policy (b). On the basis of our guess as to which developments would most likely occur, we may make our decision between the two courses. There follow in parallel columns brief descriptions of possible developments in each case.

#### IF WE GET OUT

1. The Japanese may subjugate China and establish the foundation of a great military power of Asiatic peoples.

2. The Japanese may wipe out British and American interests and hurt their commerce very badly.

3. Our failure to protest against Japanese invasion of China may encourage dictatorships. The Germans and Italians, as well as the Japanese, may become increasingly arrogant and aggressive and may carry their aggressions to the point where we will finally be driven to war under less advantageous circumstances than if we were to fight now.

4. The Japanese may wear themselves out in their drive into China and collapse, even if there is no outside interference.

5. Liberalism may after a while gain the upper hand in Japan and put a stop to military aggression.

6. America may be very little affected by what the Japanese do.

7. The Japanese may develop China, establish a great prosperity, which will bring increased trade to the United States and other Western nations.

The Japanese are anxious to give the impression that the last of these possibilities is the one most likely to develop if they are given a free hand. Those who advocate a "strong" policy against aggression argue that aggression everywhere would be encouraged by American withdrawal and that American commercial interests would be seriously imperiled.

If, after mature deliberation, we decide that developments indicated by (1), (2), or (3) in the first of these two columns would result from a policy of withdrawal, and that alternatives (1), (2), or (3) of the second of the columns would result from a more aggressive policy on our part, we would unquestionably choose to stay in. If, on the other hand, our guess in the light of all available evidence is that alternatives (4), (5), (6), or (7) in column 1 would result from withdrawal, and that alternatives (6) and (7) would result from a more aggressive policy on our part, we would choose to withdraw. At any rate, we must act on the basis of the most intelligent estimate we may make of probable consequences.

## Interpretation

### Errors to Avoid in the Study of Complex Public Problems

The summing up of consequences of different forms of action which is found in columns 2 and 3 of this page represents a method of studying and deciding upon public questions—a method which may be used in dealing with any controversial question. In every case we form our judgments on the basis of what we think will happen if one course or the other is adopted. If we are thinking of advocating any particular policy, our first step is to decide what the consequences of that policy would probably be. We must do quite a little guessing, and we will naturally need to do the guessing in the light of all the evidence we can discover. Making up our minds on controversial questions is, therefore, a complex and difficult job. Here are a few errors which we should avoid when tackling such a difficult task:

**1. The error of cocksureness.** When one discusses an issue, he is dealing with many unknown quantities. His problem is complex. If, therefore, anyone, when a question is first stated, jumps to a conclusion and expresses himself, his opinion is not worth much consideration.

**2. Emotionalism.** There is little likelihood of arriving at the truth unless we try very hard to be reasonable. We cannot be reasonable if we are angry or if we are trying above all else to overcome an opponent or to gain some selfish end.

**3. Forming opinions without looking for evidence.** It is only by wide reading and tolerant discussion that one can come to the place where his opinion on big issues is worth a hearing.

Here is a suggestion. Read a number of editorials or speeches, or listen to political arguments. Make up your mind then whether those who carry on the arguments are avoiding the errors which have been mentioned.

**References:** (a) American Neutrality. *Current History*, October 1937, pp. 13-14. (b) U. S. in a War-Minded World, by C. Binder. *Annals*, July 1937, pp. 42-50. (c) How Can We Escape War: Two Programs for America, by Norman Thomas and Raymond Leslie Buell. *Nation*, December 25, 1937, pp. 707-711.

#### Your Vocabulary

Do you know the meaning of the italicized words in the following sentences? A good business letter must be *succinct* in style. The atmosphere in international relations today is *permeated* with fear. *Incredulous* of the reports, he decided to investigate the facts himself. The scholar has an *insatiable* desire for knowledge. The *incessant* roar of Niagara Falls is deafening. The Panay incident was a further *rebuff* to friendly relations between Japan and the United States. Overeating will *undermine* a person's health.



EXCUSE, PLEASE  
HOMAN IN MCKEESPORT (PA.) DAILY NEWS

# Is It a New Depression?

(Concluded from page 1)

depression, or is this merely a recession, severe enough for the moment, but likely soon to run its course and give way to a recovery movement?

It should be said at the outset that no one can answer that question with certainty. Captains of industry and finance, politicians and statesmen, may speak as if they knew all the facts and had all the answers. But so they spoke in 1929. They were wrong then. None of them understood what was happening. The "men higher up" were as much in the dark as was the "man on the street." Our economic society is so very complex, the conditions making for prosperity or decline are so many and some of them so obscure, that the best anyone can do is to guess about the future on the basis of such evidence as he may see. Every question of public policy must, however, be decided on the best guesses which can be made. Hence the necessity of analyzing the factors of strength and of weakness in the economic situation in the light of such facts as we are able to discover.

## Future Prospects

The analysis which follows represents what appears to be a consensus of opinion among economists, businessmen, and politicians. The prevailing opinion is that business conditions will be very bad during the rest of the winter, that production will continue to fall for a while, that unemployment figures will swell considerably, that the recession will go on for a few months, but that it will not develop into a major depression comparable to that which began in 1929. This is not the universal opinion, but it is the one which is expressed most frequently. The general idea is that during

recovery from the previous depression, topped by several years of prosperity. There has never been a major depression until an oversupply of housing and other durable goods had developed. We have not yet fully recovered from the previous depression and have not supplied the needs of people for such goods as have been mentioned. This is a distinctly favorable factor.

## Reduced Debt Burden

In 1929, corporations were burdened with debt. Individual investors were working on borrowed capital. Millions of people had borrowed money to invest in the stock market. This was a factor of very great weakness, for when prices began to fall, millions were ruined almost at the outset and compelled to sell everything to meet their obligations. At the present time, the burden of private debt is not so heavy. A greater proportion of the people who have invested in the stock market have paid cash for their securities. Corporations do not have such heavy debts upon which they must pay interest. There is, therefore, less likelihood of a severe business crash.

Here is another factor to be taken into account. There was collapse in the foreign countries following 1929, just as there was in the United States. We had depended heavily upon trade from these countries for our prosperity. We had an immense foreign market for our goods. We lost a large part of that foreign trade and have not regained it. Such prosperity as we have enjoyed since the depression has been more dependent upon our home market. It has been less dependent upon foreign trade. Hence we are in less likelihood than we were of being affected by what might happen abroad.

It is probable that the depression which began in 1929 would have reached its low point in 1931 and we would have started upward had it not been for financial collapse which occurred in 1931 in several European nations. It is not probable that we will be adversely affected in that way this time unless a major war should break out in Europe.

Another favorable aspect of the present situation is that the banks are in better condition. The banks were failing like autumn leaves even before the crash of 1929. A third of all the banks in the nation had failed during the decade previous to the crash. Now banks are not failing.

Another fact of importance is that the purchasing power of farmers is mounting to the 1929 level. Despite recent declines in the prices of farm products, the farmers will have a fair amount of money to spend during the winter and spring, and that will tend to cushion the shock caused by curtailed spending in the cities.

## More Pessimistic View

A number of factors in the situation today lend support to that view. Despite the fact that the decline in business has been much more rapid since September than it was during the months following the crash of 1929, the present situation differs in many ways from that which prevailed in 1929. When the crash of that year came, the country had enjoyed several years of "boom" conditions. The housing needs of the country were well taken care of. In fact, there was a surplus of housing. The needs of several years in advance for equipment and furniture and other durable goods had been supplied. The country seemed ripe for a period of curtailed production. Conditions now are reversed. There is a shortage of housing, a shortage of furniture, a shortage of tools and equipment in many industries. Never before in our history has there been a major depression until after there had been full

One possibility is that the confidence of people generally may be so badly shaken that the country cannot recover quickly. Whether there is substantial reason for it or not, the idea may come to be general that a return of prosperity is not to be expected. If this should happen, business will not expand. Increased production will not be justified. The depression will continue and be intensified.

Another possibility is that, as unemployment grows, the need for relief will compel the government to make large additional expenditures and go more heavily into debt. This might lead to a general loss of confidence in the government's credit. Such a thing might happen whether it was justified or not. If people generally should lose confidence in the ultimate power of the government to pay its debts, the value of money might decline. This would cause prices to rise. We might then have dangerous inflation.

Here is still another possibility, and it is the one which is being stressed by leaders of the government. Corporations, and combinations of corporations, which control production in some of the big industries and are able to stifle competition, may keep prices unreasonably high. For example, the manufacturers of materials used in construction work may keep those materials at a level so high that housing construction cannot well get under way. The labor unions engaged in construction work may also keep wages up very high and that will add to building costs. If monopoly practices in both industry and labor should keep prices up in a number of industries, the public, despite its needs, might still be unable to purchase supplies and start expansion work. Free spending would be discouraged, and business might still remain stagnant.

## In Conclusion

Other influences not now discernible may appear to postpone a recovery movement, and they may even plunge us into a very serious and prolonged depression. If such unfortunate developments are avoided, however, there is reason to be encouraged as we look forward to the new year. Production has already been cut to low levels in most industries. New supplies of goods are not being added in great quantities to

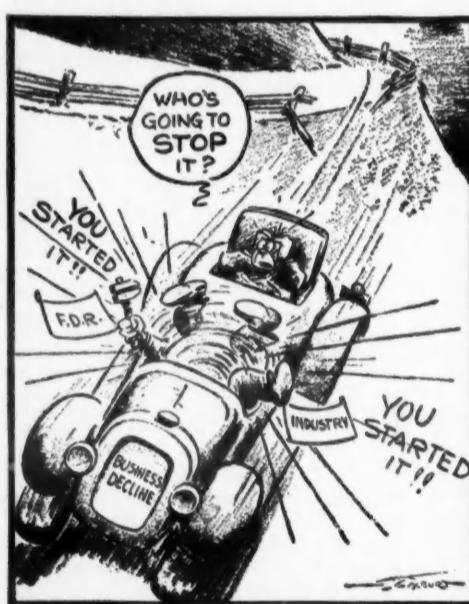


WIDE WORLD

BIG BUSINESS

the shelves of warehouses and retail establishments. Yet purchases of goods, even though at a low level, are being made. If this process goes on for a while, the shelves will be relatively empty again. The new orders for goods will flow in to the manufacturers. This will require them to increase their production, which in turn will require that they reemploy the men who have been laid off. The money which they pay out as wages will be spent by the workers and will add even more to the purchases which are being made throughout the nation and to the demand for goods. When this stage is reached, the recovery movement will be under way again. Such is the general history of recovery movements. How soon that period will be reached in this case is a matter of conjecture and, as we have seen, dependent upon conditions which are many and complex.

**References:** (a) Monopoly's Stranglehold, by Charles H. March. *Forum*, December 1937, pp. 322-327. (b) Roosevelt II and the Trusts, by Paul W. Ward. *Nation*, May 8, 1937, pp. 526-527. (c) This Setback in Business, by John T. Flynn. *Harpers*, January 1938, pp. 198-205. (d) Present Industrial Depression, by George Soule. *New Republic*, November 24, 1937, pp. 62-64. (e) Business Recession. *Current History*, December 1937, pp. 13-14. (f) Formula for Conservatives, by H. J. Laski. *Harpers*, September 1937, pp. 382-390.



NEVER MIND WHO STARTED IT!  
TALBERT IN WASHINGTON NEWS

the latter part of the year, the upward trend will be resumed and that the nation will be on much firmer ground next January than it is today.

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The needs of several years in advance for equipment and furniture and other durable goods had been supplied. The country seemed ripe for a period of curtailed production. Conditions now are reversed. There is a shortage of housing, a shortage of furniture, a shortage of tools and equipment in many industries. Never before in our history has there been a major depression until after there had been full

Mrs. Brown's husband was called out of town rather unexpectedly, so she was nominated to pay a laborer hired to do some odd jobs about the place. Not knowing his name, she was forced to inquire, "How shall I make this check out?" The workman drawled, "I don't know. I never made one out either."

—SELECTED

Two small boys were discussing the capabilities of their mothers, who were active club members.

"My mother can talk on just about any subject," one lad declared proudly.

"Aw, shucks," retorted the other. "My mother can talk without a subject at all."

—AMERICAN ENGINEER



"Darling, I want you to meet my boss."  
ROTH IN SATURDAY EVENING POST

Visitor: And what's your baby brother going to be when he grows up?

Vertie: A blackmailer, I'm afraid. We have to give him something every little while to keep him quiet.

—Pearson's WEEKLY

"I want to know," said the grim fisted woman, "how much money my husband drew out of the bank last week."

"I cannot give you the information, madam," answered the man in the cage.

"You're the paying teller, aren't you?"

"Yes, but not the telling payer."

—THE RAIL

When a local woman heard the story about Mrs. Lindbergh marrying an ace, Mrs. Mussolini a deuce, and Mrs. Simpson a king, she completed it by saying she had married the dummy.

—SELECTED

Neighbor: "I like your radio. How many controls has it?"

Head of House: "Three. My wife and two daughters."

—CAPPER'S WEEKLY

During the political campaign an angry candidate strode into a newspaper office.

"Look here," he cried. "You've been printing lies about me in your paper."

"That's right," replied the editor. "I know it, but—good night, man—what would you do if we told the truth about you?"

—BOY'S LIFE

Mme. Galli-Curci recently underwent a throat operation which changed her from a coloratura to a lyric soprano. We are now encouraged to believe that surgical science may be able to make hog callers out of the present crop of crooners.

—SELECTED

# The American Observer

## SECTION II

VOLUME VII, NUMBER 17

WASHINGTON, D. C.

JANUARY 10, 1938

### *The Semester Test*

#### Test No. 1

##### Part 1

Directions: In Column I are the names of persons who have been prominent in the news during the course of the first semester and who have been mentioned in The American Observer. In Column II are 25 descriptions, 10 of which fit the names in the first column. The problem is to match the appropriate description with each name listed. For example, if Lazaro Cardenas is president of the Pan-American Union, write (Q) on the dotted line.

Column I	Column II	Column I	Column II
1. Lazaro Cardenas	(A) Mayor of largest U. S. city who was reelected in November. (B) President of a South American country who has established a dictatorship. (C) Governor of New York. (D) Soviet ambassador to the United States. (E) Inventor of the "electric eye." (F) Head of the government's new housing program. (G) New York racketeer. (H) Sponsor of the reciprocal tariff program. (I) President of the Reconstruction Finance Corporation. (J) Financial adviser to the President. (K) French premier. (L) American aviator who made a successful nonstop flight across the Pacific.	6. Thomas E. Dewey	(M) President of Mexico. (N) Director of the unemployment census. (O) President of the New York Stock Exchange. (P) Prosecutor who waged a successful war on a number of New York racketeers. (Q) President of the Pan-American Union. (R) Junior senator from Massachusetts. (S) President of Czechoslovakia. (T) Head of the government agency which made an investigation of the American shipping industry. (U) Author of "My Country and My People." (V) Former British prime minister who died recently. (W) Secretary of the treasury. (X) Russian foreign minister. (Y) Prominent French author.
2. Nathan Straus		7. Ramsay MacDonald	
3. Henry Cabot Lodge, Jr.		8. Eduard Benes	
4. Joseph P. Kennedy		9. Camille Chautemps	
5. Getulio Vargas		10. Cordell Hull	

##### Part 2

Directions: Read each description in Column I. Select in Column II the answer which best fits this description and write the number on the dotted line. For example, if France is the nation whose army has been completely reorganized lately, write (19) on the dotted line.

Column I	Column II	Column I	Column II
11. Nation whose army has been completely reorganized lately.	1. Texas 2. Panay 3. Washington 4. Puerto Rico 5. Italy 6. Interstate Commerce Commission 7. Stimson 8. Popular Front 9. Paris 10. England 11. California 12. Brazil 13. United Alliance 14. Nyon 15. Australia	16. American gunboat sunk by a Japanese airplane in Chinese waters. 17. State in which the Grand Coulee Dam is located. 18. Largest wool-producing nation in the world. 19. Policy which has governed the relations of the United States with China for more than a third of a century. 20. Nation which has recently removed restrictions on the production of coffee.	16. Open Door 17. Federal Trade Commission 18. Berlin 19. France 20. Canada 21. Philippines 22. United States 23. Japan 24. President Hoover 25. Monroe 26. New Zealand 27. Federal Communications Commission 28. Spain 29. National Union 30. Wichita
12. Government agency which regulates the American railroads.			
13. City where an international conference was held to discuss piracy in the Mediterranean.			
14. Nation which has become America's best customer for scrap iron.			
15. Name of group of political parties now in control of the government of France.			

##### Part 3

Directions: Decide which of the following statements are true and which are false. Write the word "true" on the dotted line in front of each statement which you consider true and the word "false" before each statement which is partly or wholly false.

21. President Roosevelt asked the special session of Congress to increase its appropriations for relief.  
22. Although the Democrats won an overwhelming majority in both houses of Congress at the last election, there is widespread disunity within the party.  
23. The Far East has supplanted Brazil as the leading source of rubber.  
24. During the last year, there has been a decline in the total membership of labor unions.  
25. Walter Lippmann's new book, "The Good Society," is a strong endorsement of the economic policies of the New Deal.
26. Health insurance has made greater headway in Great Britain than in the United States.  
27. One of the outstanding international developments of the year 1937 was the increasing power of the fascist nations.  
28. The average life span in the United States has greatly lengthened during the last century.  
29. Mayor LaGuardia is the only reform mayor in the history of New York City to be reelected.  
30. Freedom of speech has been restored in Italy.

##### Part 4

Directions: Write on the dotted line at the left of the page the number of the phrase or clause that will make a true complete statement.

31. American oil companies have protested to the Mexican government because it has (1) taken over land which they held under lease; (2) declared an embargo on the importation of American oil; (3) fixed the price of oil in Mexico; (4) restricted the amount of oil which may be exported from Mexico.  
32. In order to stimulate a gigantic housing program, President Roosevelt requested the special session of Congress to (1) launch a billion-dollar housing program by the federal government; (2) amend the present law governing loans so as to encourage private capital to undertake the program; (3) increase the amount which the federal government may grant to cities and states for housing; (4) follow the British example of slum clearance.  
33. Communism in Russia and fascism in Italy resemble each other in that both have (1) government ownership and operation of industry; (2) iron-clad dictatorial forms of government; (3) raised the standard of living of the masses; (4) undertaken to restore democratic government during the last year.  
34. The international traffic in drugs has been greatly reduced during the last decade largely as a result of the (1) League of Nations; (2) International Labor Organization; (3) Open-Door policy; (4) United States government.  
35. Greenbelt has been prominently mentioned in the news recently as an example of an experiment in (1) soil conservation; (2) low-cost housing and city planning; (3) public ownership of electric utilities; (4) the manufacture of artificial rubber.  
36. The purpose of the Nine Power Treaty was to (1) protect China from foreign aggression; (2) reduce naval armaments; (3) guarantee the neutrality of Belgium; (4) reopen the Suez Canal to international shipping.  
37. The principal recommendation of President Roosevelt in his Chicago address was that the United States should (1) adhere rigidly to its traditional policy of isolation; (2) cooperate with other democratic nations in attempting to curb aggressions; (3) invoke economic sanctions against Japan; (4) cooperate with the League of Nations in the Spanish civil war crisis.  
38. In an attempt to settle the Palestine problem, Great Britain has proposed (1) placing it directly under the League of Nations; (2) granting it complete independence; (3) making the entire territory a national Jewish home; (4) partitioning the country by making an independent Jewish nation and an independent Arab nation.  
39. A majority of the positions in the American foreign service are filled by (1) competitive examination; (2) political appointment; (3) training in and graduation from special schools; (4) senatorial recommendation.  
40. The Brussels conference adjourned after (1) declaring an economic boycott against Japanese goods; (2) referring the Sino-Japanese conflict to the League of Nations; (3) condemning Japan for her invasion of China; (4) agreeing to increase the size of naval forces in the Far East.

# The Semester Test

## Test No. 2

### Part 1

**Directions:** In Column I are the names of persons who have been prominent in the news during the course of the first semester and who have been mentioned in The American Observer. In Column II are 25 descriptions, 10 of which fit the names in the first column. The problem is to match the appropriate description with each name listed. For example, if Yvon Delbos is leader of the Germans in Czechoslovakia, write (G) on the dotted line.

Column I	Column II	Column I	Column II
1. Yvon Delbos	(A) Head of the Netherlands government. (B) Democratic leader of the Senate. (C) French premier. (D) Dutch aviator. (E) Prominent American journalist. (F) American delegate to the Brussels conference. (G) Leader of Germans in Czechoslovakia. (H) French foreign minister. (I) Newest justice of the United States Supreme Court. (J) Prominent educator, connected with the National Education Association. (K) U. S. economist and engineer. (L) Leader of the French fascists. (M) Nobel Peace Prize winner.	6. Walter Lippmann 7. Konrad Henlein 8. William O. Douglas 9. Robert Cecil 10. Paul Van Zeeland	(N) British prime minister. (O) Director of the unemployment census. (P) Speaker of the House of Representatives. (Q) New chairman of the Securities and Exchange Commission. (R) Author of the wages-and-hours bill. (S) Dutch minister to the United States. (T) Belgian premier who resigned recently. (U) Prominent American author who wrote "The Arts." (V) German minister of economics. (W) President of a large electric utility company. (X) Mayor of the largest American city who was re-elected last month. (Y) President of the New York Stock Exchange.
2. Joy Elmer Morgan			
3. John D. Biggers			
4. Hendrik Willem van Loon			
5. David Cushman Coyle			

### Part 2

**Directions:** Read each description in Column I. Select in Column II the answer which best fits this description and write the number on the dotted line. For example, if Russia is the nation whose censor recently banned the Mickey Mouse comic strip, write (17) on the dotted line.

Column I	Column II	Column I	Column II
11. Nation whose censor recently banned the Mickey Mouse comic strip.	1. Venezuela 2. Nuremberg 3. telephone 4. radio 5. Japan 6. Knights of Columbus 7. Yugoslavia 8. Japan 9. railroad 10. capitalism 11. Italy 12. Ionian 13. Ku Klux Klan 14. Argentina 15. fascism	17. Group of islands in the Mediterranean which has figured in the Spanish civil war. 18. Nation which has joined Japan and Germany in an anticomunist pact. 19. System under which all the industries of a country are owned and operated by the government. 20. Industry which uses more than three-fourths of all the rubber consumed in this country.	16. textile 17. Russia 18. Munich 19. American Liberty League 20. Brazil 21. automobile 22. communism 23. France 24. Balearic 25. Germany 26. steel 27. Spain 28. China 29. Rumania 30. Azores
12. Industry which the French government has partially nationalized.			
13. City in which the German Nazis hold their annual convention.			
14. Nation which controls Outer Mongolia.			
15. Organization to which Justice Black formerly belonged.			
16. South American nation over which a dictatorial regime has recently been established.			

### Part 3

**Directions:** Decide which of the following statements are true and which are false. Write the word "true" on the dotted line in front of each statement which you consider true and the word "false" before each statement which is partly or wholly false.

- .....21. Italy has withdrawn all her troops from Spain.
- .....22. If Congress follows the President's recommendations, government expenditures will be sharply reduced next year.
- .....23. The democracies of the world have, by their aggressive policies, curbed the power of the fascist dictatorships.
- .....24. Freedom of speech, press, and assembly is an essential feature of democratic government.
- .....25. The principal point at issue between the American Federation of Labor and the C. I. O. is industrial unionism versus craft unionism.
- .....26. True democratic government exists in a majority of the South American nations.
- .....27. The Department of Agriculture estimates that farm income in the United States was higher in 1937 than in any year since 1929.
- .....28. The so-called railroad problem began with the depression in other industries in 1929.
- .....29. As a means of combating the business recession, President Roosevelt has asked the special session of Congress to appropriate a billion dollars for housing.
- .....30. The wages-and-hours bill has the strong endorsement of the United States Chamber of Commerce.

### Part 4

**Directions:** Write on the dotted line at the left of the page the number of the phrase or clause that will make a true complete statement.

- .....31. If any of the Latin American nations should become closely aligned with a European power, the United States might feel justified in interfering because of (1) the Monroe Doctrine; (2) the Open-Door policy; (3) the Stimson Doctrine; (4) the Nine Power Pact.
- .....32. The United States Maritime Commission, in its recent report, recommended that (1) the government take over the American shipping industry; (2) no further subsidies be made to the shipping industry; (3) a number of ships of the *Normandie* and *Queen Mary* type be constructed at once; (4) the shipping industry be reorganized and subsidies be increased.
- .....33. One of the purposes of the visit of Lord Halifax to Germany was to (1) conclude a trade agreement with Germany; (2) discuss the question of German colonies; (3) seek Germany's support against Japan; (4) discuss the question of the Saar.
- .....34. Congress recently discussed an amendment to the Constitution which would have altered the method of declaring war by (1) giving the President the sole right; (2) giving Congress the sole right; (3) submitting the question to the voters of the nation; (4) requiring a two-thirds majority in both houses of Congress.
- .....35. One of the characteristics of a fascist system of government is (1) government ownership of industry; (2) strict government control of all phases of economic life; (3) universal suffrage; (4) a strong labor movement.
- .....36. In an attempt to solve their financial difficulties, the railroads recently requested (1) government ownership; (2) the right to increase their rates; (3) financial assistance from the government; (4) authority to sell additional bonds.
- .....37. The Popular Front was originally organized in France for the primary purpose of (1) restoring the monarchy; (2) establishing a fascist form of government; (3) setting up a communist dictatorship; (4) combating fascism.
- .....38. The Nyon conference was called for the purpose of discussing (1) Japan's violation of the Nine Power Treaty; (2) piracy in the Mediterranean; (3) Italy's withdrawal from the League of Nations; (4) recognition of General Franco.
- .....39. One of the following men is closely identified with the history of American education: (1) Horace Mann; (2) William Jennings Bryan; (3) Benjamin West; (4) Henry Cabot Lodge.
- .....40. The principal grievance of the private electric companies against the New Deal is (1) regulation by the government; (2) government competition; (3) failure of the government to eliminate unfair practices on the part of certain companies; (4) too high interest rates for loans.